



2012—2013
PROPOSED BUDGET



CITY OF WICHITA, KANSAS

BUDGET OVERVIEW

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MAY 24, 2011



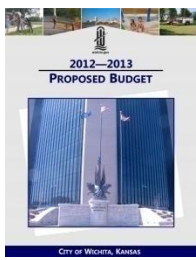
OUTLINE

- Background - budget timeline, budget process, fund accounting, state laws, performance management
- Budget History - focus on General Fund: expenditure, revenue and reserve trends
- Financial Forecast - fund outlooks, primarily General Fund
- Next Steps - engage citizens and Council



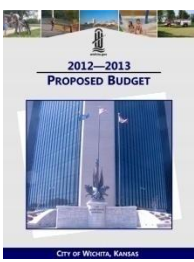
THE BUDGET

- Identifies policy issues, provides staff recommendations, seeks policy guidance
- Sets expectations of performance outcomes, provides feedback on past performance
- Serves as an operational guide, setting appropriation and staffing levels and organizational structure
- Communicates financial forecasts and policy issues to citizens, staff, and external entities



BUDGET PROCESS

- Staff financial analysis
- Inclusion of stakeholders
 - Staff budget committee
 - Management teams
 - Citizen/external input
- Council policy direction



STATUTORY REQUIREMENTS

- Positive cash in each fund
- Transfer funds only for certain purposes
- “Certification” of funds
- Two required public hearings:
 - Must “adopt” the budget by August 15
 - Must “publish” the budget by August 5



FUND ACCOUNTING

- 39 separate funds (budgets)
- Segregation of financial activity for a specific purpose
- Funds vary in size, significance, and policy issues
- Two “taxing” funds (General Fund, Debt Service Fund)
- Six “business type” funds (Water, Sewer, etc)



TENTATIVE TIMELINE

- June 28 - Workshop, citizen survey, performance management
- June 29 – Joint District Advisory Board meeting
- TBA – Wichita Independent Neighborhood (WIN) meeting
- July 12 – Manager proposes budget
- July 19 – Council publishes budget / public hearing
- July 26 – Budget Workshop
- August 2 – Public Hearing
- August 9 – Council adopts budget / public hearing

CITY EXPENDITURES – 2011 ADOPTED

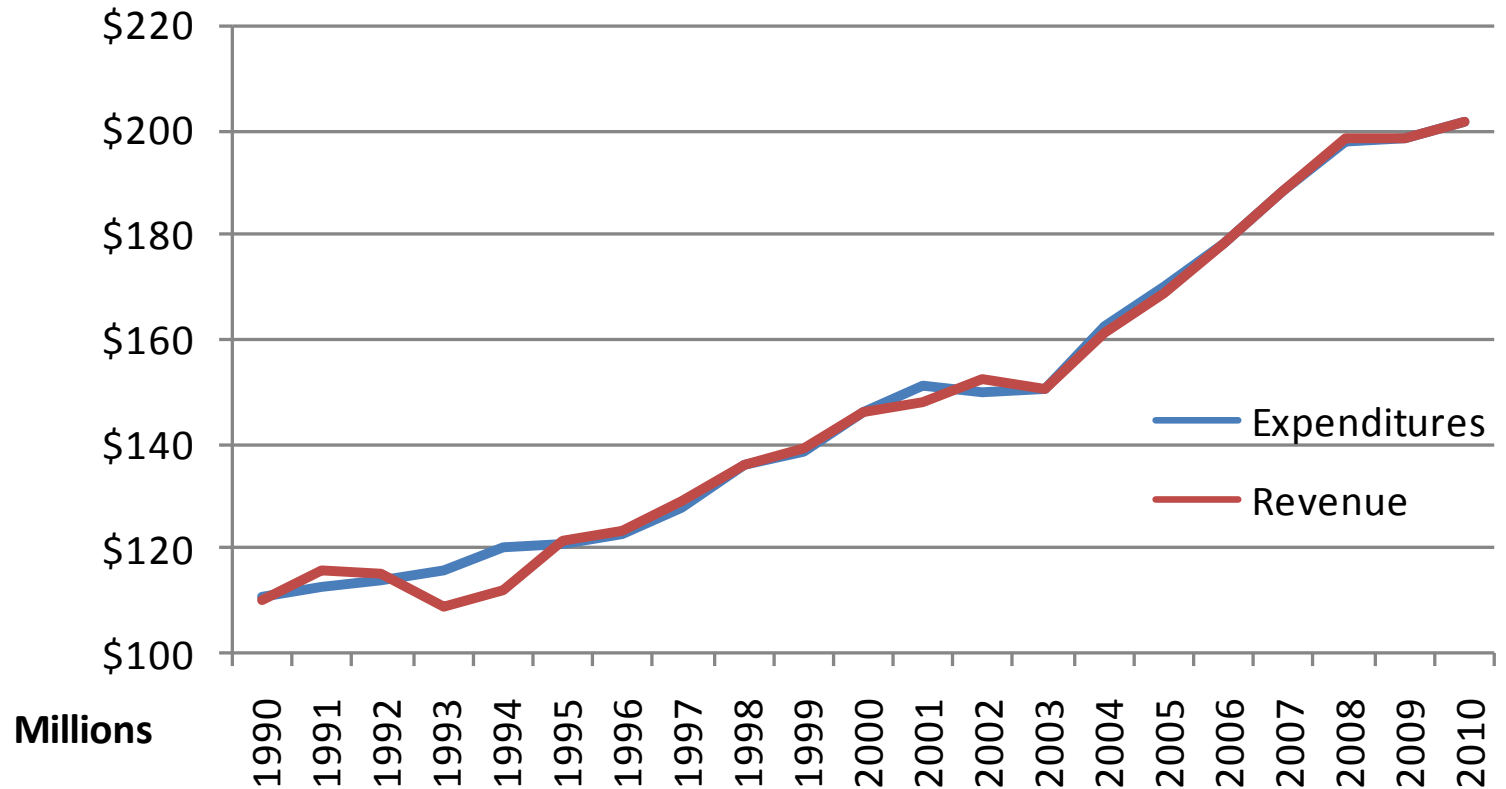


By Fund	(millions)
General Fund	\$212.9
Debt Service Fund	105.6
Water & Sewer	108.7
Other (net)	92.1
TOTAL	\$519.3

General Fund by Category		
Items	Amount	
Salaries	\$148.8	70%
Contractuals	41.4	19%
Commodities	7.9	4%
Other	14.8	7%
TOTAL	\$212.9	100%

GENERAL FUND

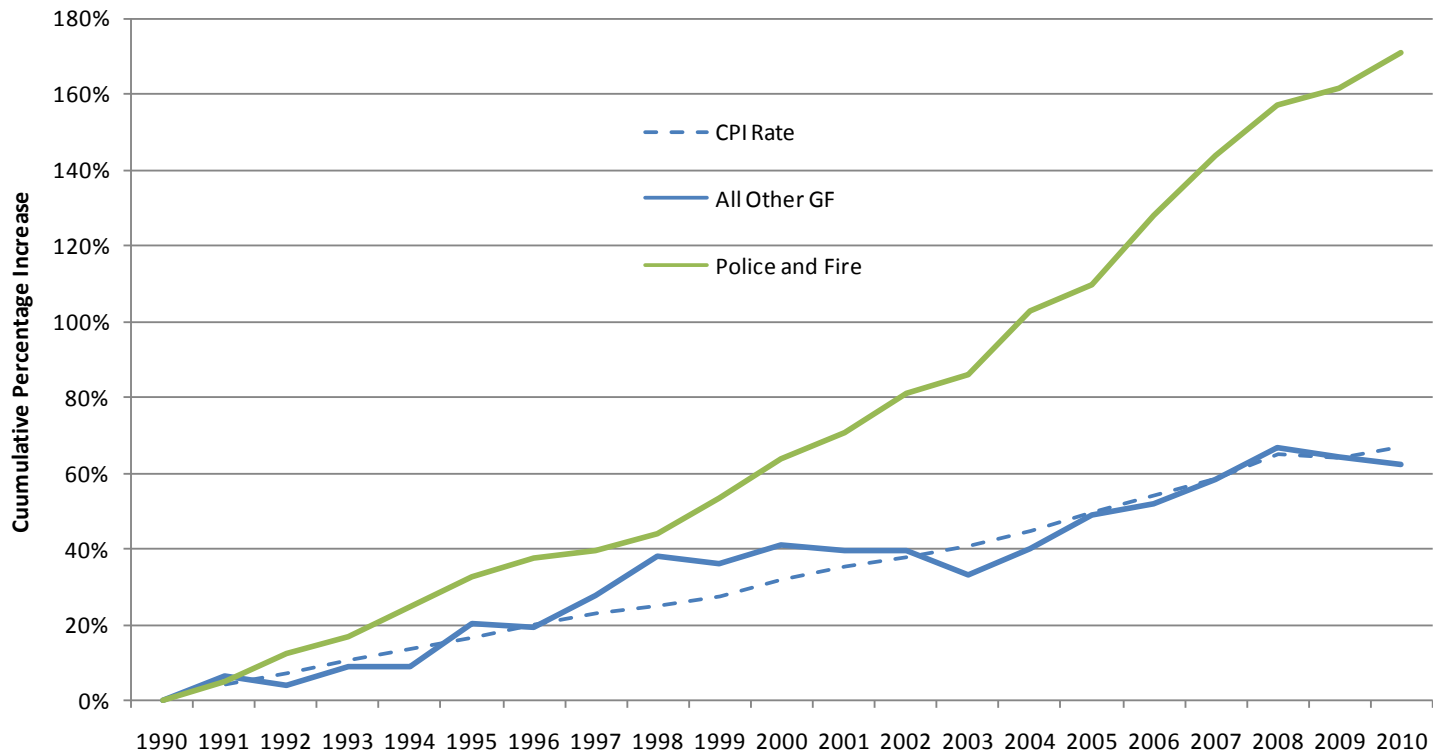
General Fund Revenues and Expenditures





GENERAL FUND EXPENDITURES

City of Wichita - General Fund Expenditures
Cumulative Percentage Growth
1990 - 2010

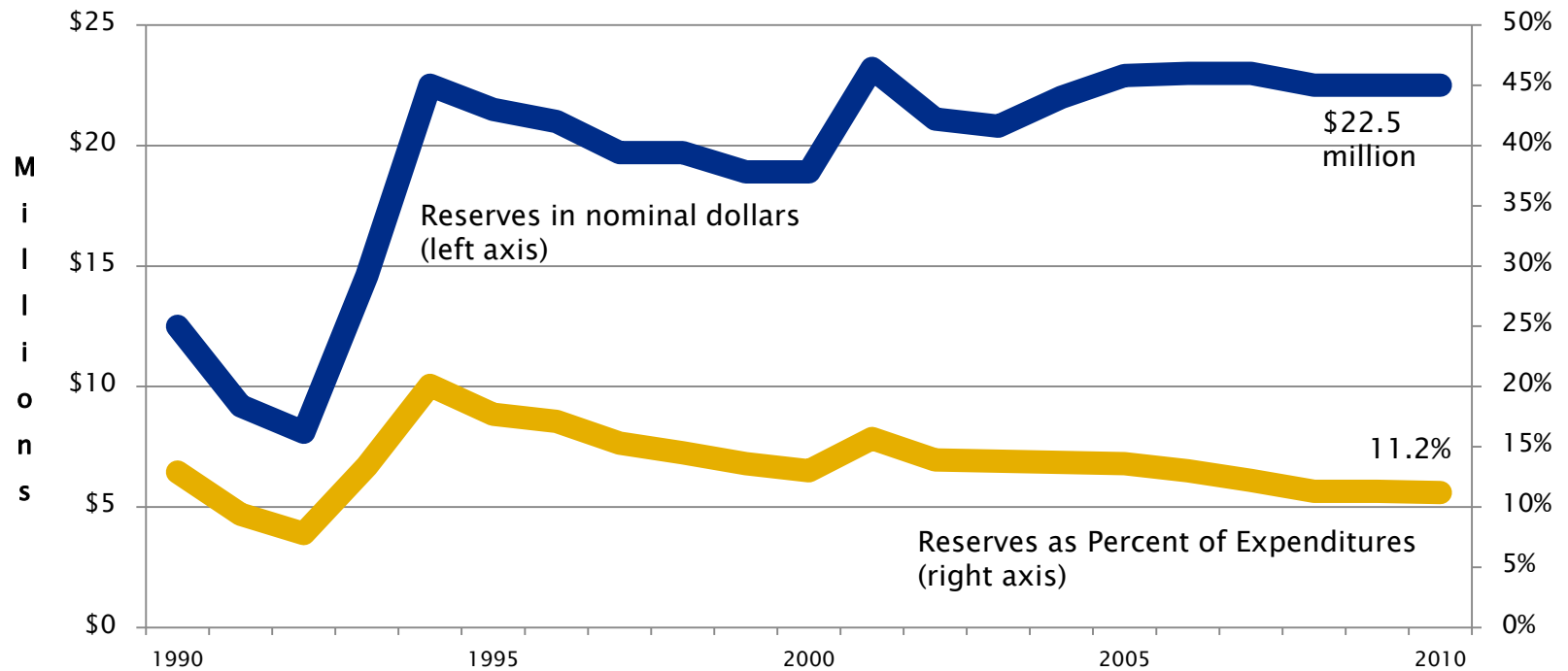


Note: 2010 Figures are un-audited. CPI based on the BLS - US City Average 1982 = 100



GENERAL FUND RESERVES

General Fund Reserves





2012-2013 FORECAST

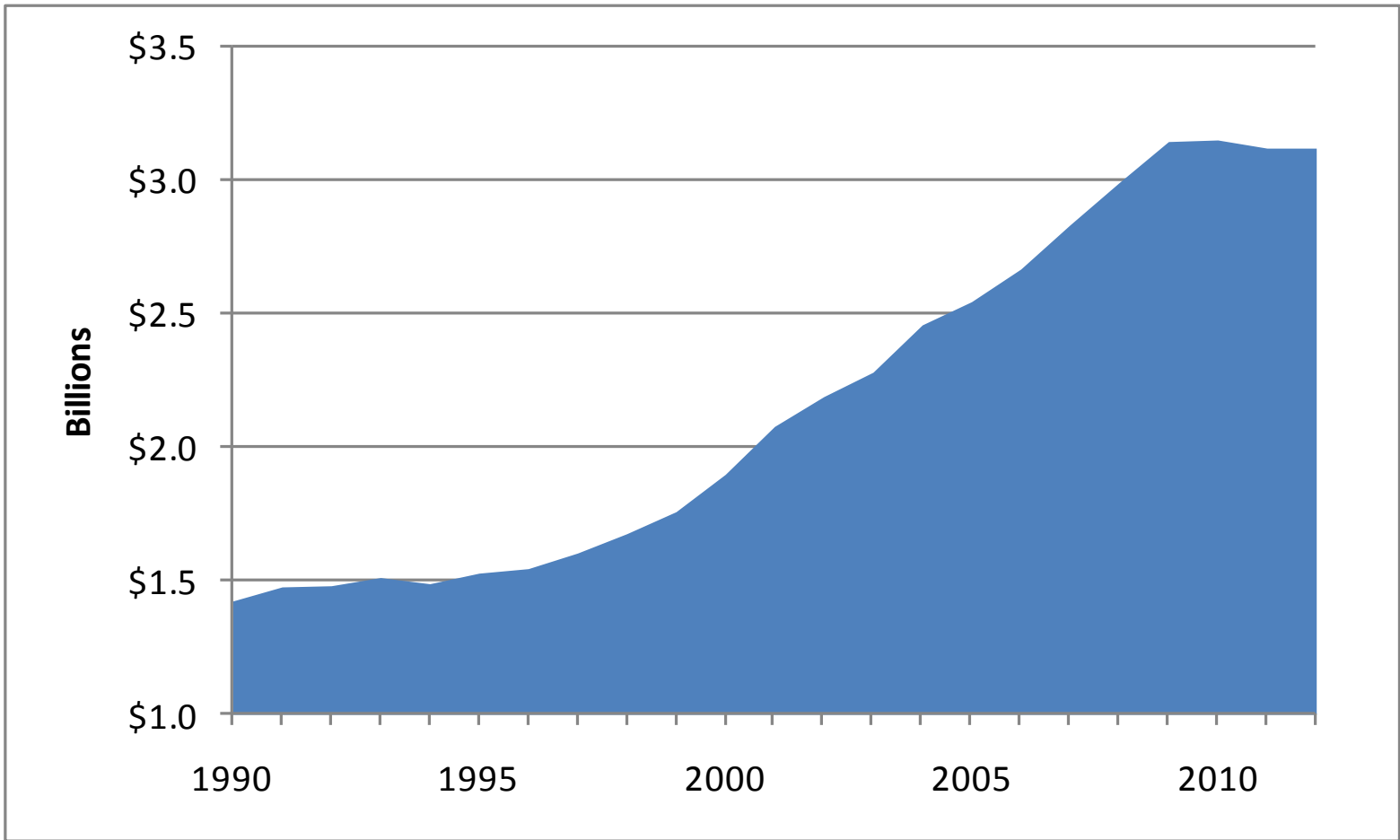
- City of Wichita revenues lag national economic trends
- Economy recovering but not recovered
- Next expansion will be different than past expansions



PROPERTY TAX REVENUE

- 35% of General Fund - \$75 million
- All revenue growth is from valuation changes, since mill levy has been mostly unchanged
- No valuation growth expected in 2012 (for third year), limited growth by 2013?
- Property tax revenues up \$4 million in 2011 and down \$4 million in 2013 due to mill levy shift

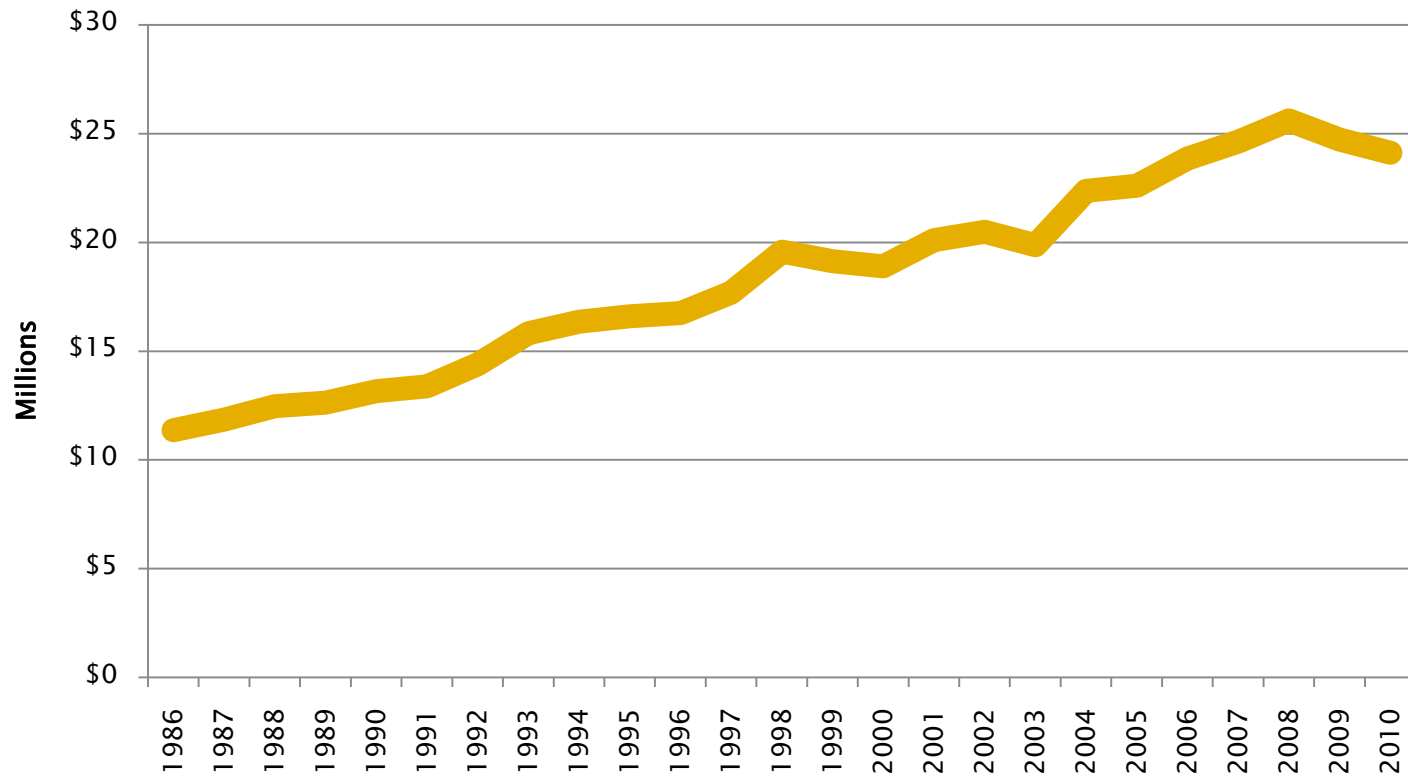
ASSESSED VALUATION

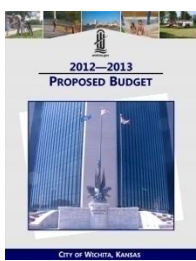




SALES TAX REVENUE

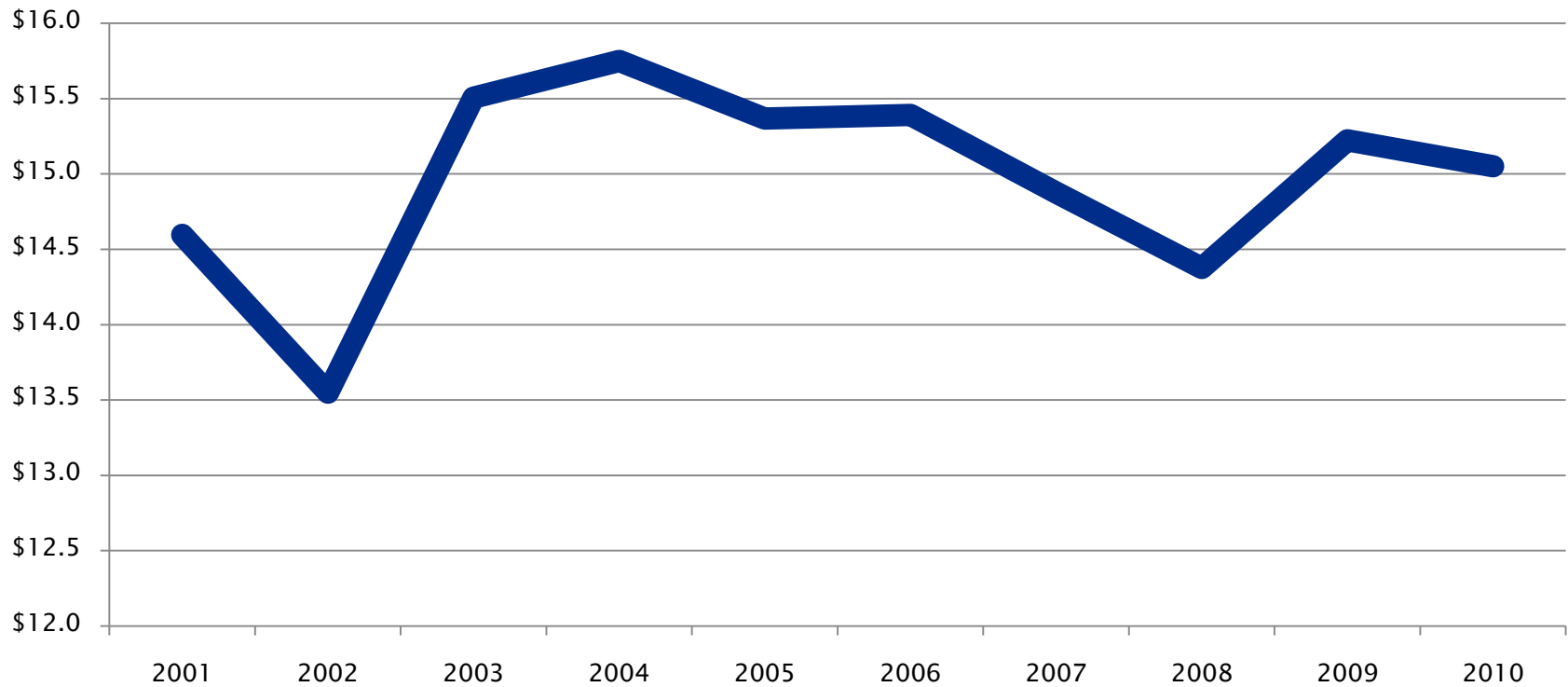
- 12% of General Fund - \$25 million
- Revenue has declined for two years





GAS TAX REVENUE

- 7% of General Fund - \$15 million
- Based on gallons, not price





2012-2013 FORECAST

Incremental annual forecasted changes in millions

	2010	2011	2012	2013
Beginning Base level		\$201.4	\$211.0	\$215.2
Property Valuation				
Sales Tax		0.7	0.7	0.8
Gas Tax				
Franchise Fees		1.6	1.3	1.2
Interest		-0.7	0.9	0.3
Other		4.0	1.3	1.0
Mill shift		4.0		-4.0
Projected Revenue	\$201.4	\$211.0	\$215.2	\$214.5
<i>Growth</i>		<i>4.8%</i>	<i>2.0%</i>	<i>-0.4%</i>
<i>Adj Growth</i>		<i>2.8%</i>	<i>2.0%</i>	<i>1.5%</i>



GF EXPENDITURES

- Health insurance projected to increase 10% annually (\$1.7 million)
- Pension rates are higher in 2011
- Fuel is higher in 2011
- Wage adjustments are forecasted for 2012 and 2013, but not for 2011



2012-2013 FORECAST

Incremental annual forecasted changes in millions

	2010	2011	2012	2013
Beginning Base level		\$201.4	\$214.1	\$224.7
Wages		3.7	5.5	5.6
Technology Charges		0.8		
Str. Maintenance		1.2		
Fuel		0.8	0.2	0.2
Other		0.7	0.2	0.4
Jail Fees		3.0		
Economic Devpmnt		2.5		-2.5
Projected Exp.	\$201.4	\$214.1	\$220.0	\$224.7
<i>Growth</i>		<i>6.3%</i>	<i>2.8%</i>	<i>1.5%</i>
<i>Adj Growth</i>		<i>3.6%</i>	<i>2.8%</i>	<i>2.6%</i>



ADDRESSING THE DEFICIT

2011	2012	2013
\$3.1 million	\$4.8 million	\$10.2 million

- Ensure operations are efficient
- Review and verify assumptions and projections
- Revise policies
- Revise performance expectations



GENERAL FUND OPTIONS

Lowering the projected deficit:

- Phase in higher technology charges
- Assume strategies to mitigate fuel consumption
- Develop strategies to reduce jail fees
- Continue efforts to streamline management
- Revise valuation growth assumptions in 2013



2012-2013 FORECAST

	2011	2012	2013
GF initial deficit forecast	-3.1	-4.8	-10.2
Fuel	0.3	0.4	0.5
Technology charges	0.3		
Jail fee mitigation	0.5	1.0	1.0
Mgmt reorganization		0.6	0.7
Valuation growth			1.8
Other	0.3	0.4	0.5
City/County re-alignment	0.2	0.2	0.2
Revised GF deficit	-\$1.5	-\$2.2	-\$5.5



POLICY ISSUES

- Mill levy rates, mill levy split between General Fund and Debt Service Fund
- General Fund reserve levels
- Prioritization of outcomes
- Level of outcomes desired



QUESTIONS AND COMMENTS